

**MINUTES
REGULAR MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**Friday, September 28, 2007
1:00 p.m., MST**

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. Michael Townsend, Chair of the ASRS Board, called the meeting to order at 1:07 p.m., MST.

The meeting was not teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Michael Townsend, Chair
Dr. Keith Meredith, Vice Chair
Mr. David Byers
Mr. Tom Connelly
Mr. Chris Harris
Mr. Lawrence Trachtenberg
Mr. Steven Zeman (arrived 1:20 p.m.)

Absent: Mr. Jaime Gutierrez
Mr. Jim McLaughlin

A quorum was present for the purpose of conducting business.

2. Approval of the Consent Agenda

Motion: Mr. Dave Byers moved to approve Refunds, Death Benefits, and Retirements for the month of July, 2007;

And

Approve the minutes of the August 17, 2007, Regular Session of the ASRS Board.

Dr. Keith Meredith seconded the motion.

By a vote of 6 in favor, 0 opposed, 0 abstentions, and 3 excused, the motion was approved.

3. Approval, Modification or Rejection of Recommended Settlement for Gary Wackerly Appeal

Mr. Tom McClory, Assistant Attorney General, addressed the Board regarding Mr. Gary Wackerly's appeal status and the proposed settlement. Mr. McClory stated that this appeal involves the ASRS' efforts to collect payments erroneously made to Mr. Wackerly under the Long Term Disability (LTD) program after the date that he had taken his retirement. The matter has been before the Board on two

prior occasions. At the May, 2007 Board meeting the Board accepted the Administrative Law Judge recommendation which had concluded that Mr. Wackerly owed the ASRS \$34,474.45. However, that decision was made in recognition that Mr. Wackerly, previously not represented by counsel, may not have had an opportunity to fully present his position. As a result, the Board gave Mr. Wackerly the opportunity to request a rehearing. Subsequently Mr. Wackerly obtained counsel who presented Mr. Wackerly's position to the Board at its August 2007 meeting. On that occasion the Board voted to send the matter back to the Office of Administrative Hearings for a new evidentiary hearing. Since the date of that Board meeting, the ASRS staff, through counsel, has reached a tentative agreement with Mr. Wackerly and his counsel to resolve this appeal.

Motion: Mr. Chris Harris moved to approve the settlement with Mr. Wackerly as recommended by staff.

Mr. Dave Byers seconded the motion.

By a vote of 6 in favor, 0 opposed, 0 abstentions, and 3 excused, the motion was approved.

4. Presentation, Discussion and Appropriate Action Regarding the ASRS Strategic Plan

Mr. Paul Matson, Director, gave a brief overview of the ASRS Strategic Plan.

5. Presentation, Discussion and Appropriate Action Regarding Multiple Pro Forma Actuarial Analyses Based Upon June 30, 2007 Preliminary Actuarial Data for the Defined Benefit Plan, Health Insurance Plan and Long Term Disability Plan

Mr. Steve Zeman arrived at 1:20 p.m.

Mr. Paul Matson addressed the Board regarding multiple pro forma actuarial analyses based upon June 30, 2007, preliminary actuarial data for the defined benefit plan, health insurance plan and long term disability plan. Mr. Matson explained that the overall intent of this item is to ensure that appropriate and prudent planning and strategic thinking continue to occur that will ensure the longevity and fiscal integrity of the pension plan so it will continue to be a valuable tool in the recruitment and retention of public employees.

6. Presentation, Discussion and Appropriate Action Regarding Defined Benefit Plan and Long Term Disability Plan Design Features

Mr. Paul Matson addressed the Board regarding the defined benefit plan and long term disability plan design features. Mr. Matson explained that the purpose of this item was to review various plan design features with respect to the defined benefit pension plan and long term disability income plan that have a mitigating effect on their respective contribution rates.

7. Presentation, Discussion and Appropriate Action Regarding Health Insurance Plan Designs, Costs, Supplements and Subsidies

Mr. Pat Klein, Assistant Director, External Affairs, addressed the Board regarding health insurance plan designs, costs, supplements and subsidies. Mr. Klein explained that the purpose of this item was

to review current retiree health insurance plan offerings as well as discuss potential future alternatives and review premium benefit programs and its costs.

8. Presentation, Discussion and Appropriate Action Regarding the Various Fiscal and Equity Implications of Employers and Classes of Employees Departing and Entering ASRS Membership

Mr. Paul Matson stated that this agenda item had already been addressed during discussion of agenda item number six and proposed moving on to the next agenda item.

9. Presentation, Discussion and Appropriate Action Regarding Potential Implications of Global Warming

Mr. Craig Metrick, Principal, Mercer Investment Consulting, addressed the Board regarding potential implications of global warming for investments.

10. Presentation, Discussion and Appropriate Action Regarding Investment Industry Update, Investment Industry Trends and Implications for the ASRS

Mr. Tom Lightvoet, Principal, Mercer Investment Consulting, addressed the Board regarding investment industry updates, investment industry trends and implications for the ASRS.

11. Presentation, Discussion and Appropriate Action Regarding Governance Theory and Application and Potential Implications and/or Modifications to the Governance Handbook

Mr. Paul Matson proposed pulling this item from the agenda due to time constraints.

12. Call to the Public

There were no requests to speak.

13. The next ASRS Regular Board meeting is scheduled for Friday, October 19, 2007, at 8:00 a.m., at 3300 N. Central Avenue, 10th Floor Board room, Phoenix, Arizona.

14. Adjournment of the ASRS Board

Mr. Townsend adjourned the September 28, 2007 Board meeting at 5:25 p.m.

ARIZONA STATE RETIREMENT SYSTEM

Anne Schrode, Secretary

Date

Paul Matson, Director

Date